

Premium Tax Credit Brings Changes to Your 2014 Income Tax Returns

IRS Health Care Tax Tip 2015-03, January 22, 2015

When [filing your 2014 federal income tax return](#), you will see some changes related to the Affordable Care Act. Millions of people who purchased their coverage through a health insurance [Marketplace](#) are eligible for premium assistance through the new premium tax credit, which individuals chose to either have paid upfront to their insurers to lower their monthly premiums, or receive when they file their taxes. When you bought your insurance, if you chose to have advance payments of the premium tax credit, the Marketplace estimated the amount based on information you provided about your expected household income and family size for the year.

If you received the benefit of advance credit payments, you must file a federal tax return and reconcile the advance credit payments with the actual premium tax credit you are eligible to claim on your return. You will use IRS [Form 8962](#), *Premium Tax Credit (PTC)* to make this comparison and to claim the credit. If your advance credit payments are in excess of the amount of the premium tax credit you are eligible for, based on your actual income, you must repay some or all of the excess when you file your return, subject to certain caps.

If you purchased your coverage through the Health Insurance Marketplace, you should receive [Form 1095-A](#), *Health Insurance Marketplace Statement from your Marketplace*. You should receive this form by early February.

Form 1095-A will provide the information you need to file your taxes, including the name of your insurance company, dates of coverage, amount of monthly insurance premiums for the plan you and other members of your family enrolled in, amount of any advance payments of the premium tax credit for the year, and other information needed need to compute the premium tax credit.

Using tax preparation software is the best and simplest way to file a complete and accurate tax return as it guides individuals and tax preparers through the process and does all the math. Electronic [filing options](#) include [IRS Free File](#) for taxpayers who qualify, free [volunteer assistance](#), [commercial software](#), and [professional assistance](#).

For more information about the Affordable Care Act and filing your 2014 income tax return, visit IRS.gov/aca.